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Second country cooperation framework for Maldives (2000-2002)

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Introduction

1. The Republic of Maldives, in terms of its overall economy, political situation, and the role of UNDP and other donors, has remained stable since the formulation of the first country cooperation framework (CCF) for 1997-1999. Preparation of the second CCF for 2000-2002 has been based on several strategic national documents prepared with UNDP support, the recommendations of the country review of the first CCF, and consultations with the Government. The second CCF will start during the preparations for the sixth national development plan (2001-2005) with UNDP support. Based on a general analysis and understanding of the development situation, a common country assessment will be completed this year, followed by the preparation of a United Nations Development Assistance Framework (UNDAF) by 2001 and full harmonization of programmes by 2003.

I. Development situation from a sustainable human development perspective

Economic growth

2. With an economic growth rate of 6 to 10 per cent over the last 30 years, the Maldivian economic success story remains intact. The rate of growth has stabilized at about 6 per cent. The two sectors that provide the narrow base for the economy, tourism and fishing, are known to be volatile and uncertain industries. The Government is expanding the tourism sector and planning improvements in the fisheries sector in order to continue to maintain the economy for the foreseeable future.

3. Within this framework of economic growth, equity remains a paramount issue, as the Government steps up its commitment to the residents of the atolls, by ensuring their share in the benefits of growth. The *Human Development Report* indicates the broad-based improvement in the basic quality of Maldivian life. The 1998 vulnerability and poverty assessment (VPA) prepared by the Government has made it possible to identify and to locate those sections of the population which remain poor and vulnerable amid the general rise in prosperity. In Maldives, poverty refers to lack of income and vulnerability arising from limited access to essential basic services in the outer islands. However, recent UNDP assistance has provided data on a broad range of services to which the public has limited access such as education, health care, communications and various goods, thereby creating a picture of the people's economic and employment situation and potential.

Disparities and sustainable livelihoods

4. Maldives faces considerable physical, environmental, and human-resource constraints even for a small developing archipelago. Only 33 of its 1,200 environmentally fragile islands have a land area in excess of one square kilometre, including the capital island, Male, which has a population of 74,000 on two square kilometres. The population is dispersed across 200 widely separated islands, only six of which have a population over 3,000. These disparities give rise to severe diseconomies of scale in production, in transport and in the provision of social and physical infrastructure, and limit demand for local commodities that could diversify the economy and sustain cottage industries. Disparities exist between Male and the atolls in household incomes and in the quality of and access to a wide range of basic needs and social services. Scarce expert capacity is centred in the capital. Disparities between atolls and islands reflect differences in development potentials within the archipelago.

5. The continuing ability of women in rural islands to share equally the benefits and opportunities offered by the economy is in question, as a result of the sizeable absence of men employed by tourist resorts and limited access to modern forms of employment located mainly in the capital.

Least developed country status

6. As a consequence of its economic progress, Maldives is a candidate for graduation from the status of least developed country (LDC), with serious implications for the future role of official development assistance. At the Round Table Meeting (RTM) in Geneva in May 1999, participants voiced a commitment to continue to treat Maldives as a special case, offering concessionary lending and grant assistance based on its economic and environmental vulnerability in a period of decreasing development-aid resources.

Population growth

7. An important trend is the high rate of population growth, 2.8 per cent in 1995, which carries many implications in a resource-constrained environment such as Maldives. With half the population under the age of fifteen, the labour market will in the next decade be pressed by tens of thousands of new entrants. Providing for this increased population of job seekers will require even more accelerated economic growth in the future. Furthermore, it will require a more strategic, demand-oriented approach to human-resource development. Preliminary March 2000 census results put the total population at 269,010 and suggest a dramatic reduction in the growth rate to 1.9 per cent.

Population consolidation and decentralization

8. The Government has responded to population growth and distribution problems with plans for land reclamation near the crowded capital and for voluntary migration from unsustainable micro-communities to regional-growth centres. Starting with 60 to 80 islands, infrastructure development for harbours, causeways, water and sanitation will absorb large public investment, which will be supported through targeted interventions by international financial institutions. At the same time, the Government is increasingly committed to assisting atoll administrations and island populations to take greater responsibility for their own development. With incentives that match the aspirations of the people concerned, population consolidation is expected to result in improved communication and better access to basic social services that benefit island communities.

Environment

9. The environment faces both global and national trends. Globally, the long-term threats of rising sea levels and increasing sea temperatures place both marine and terrestrial life in jeopardy, with widespread coral bleaching and beach erosion. At the national level, increasing population density puts pressure on the environment, including in the areas of waste management and sustainable utilization of marine resources.

10. These interrelated national developments — continuing economic growth, demographic pressure on the employment situation, environmental changes, and shifts in government emphasis on atoll development — point to the need for sharper focus in the present CCF, especially in light of declining grant resources.

II. Results and lessons of past cooperation

11. In October 1999, an independent team carried out a country review of the first CCF. The review took as its point of departure the guiding principles for programming and applied each principle to the analysis of programming activities and results achieved. The general conclusion was that the CCF had identified critical development issues of the fifth national development plan, which fall squarely within UNDP focus areas. UNDP has provided appropriate guidance to the management of national development priorities and has made considerable progress in achieving key programme results. The review recommended that the second CCF continue to focus on the three thematic areas: (a) sustainable livelihoods; (b) governance; and (c) environment. Potential synergies both within and across thematic areas should be identified and incorporated into the CCF in order to ensure greater programme focus for increased impact.

A. Key results

12. During the last CCF, UNDP assistance achieved key results in the following areas: (a) upstream and downstream activities and linkages; (b) promotion of sustainable livelihoods; (c) governance; (d) environment; (e) national execution; (f) resource mobilization and aid coordination; and (g) support to United Nations system.

Upstream and downstream activities and linkages

13. UNDP has made a major upstream contribution in assisting the Government to develop the capacity, tools and data needed to plan and monitor development effectively. For example, VPA introduced poverty and sustainable human development (SHD) monitoring issues, and the study on the impacts of tourism provides insight and baseline data for planning and monitoring economic development. Contributions to policy formulation included assistance to the national-development planning process and in defining a national vision for the next 20 years (Maldives Vision

2020). At the downstream level, UNDP has demonstrated particular strength in working with local and national institutions and communities to establish participatory processes for development planning and implementation. Social mobilization activities in island communities have promoted participation in decision-making. The programme has been most effective in the way these upstream and downstream activities mutually supported one another in the areas of sustainable livelihoods and governance.

Promotion of sustainable livelihoods

14. While providing modest amounts of seed money, UNDP inputs have been directed towards the enhancement of local capacities for management and decision-making which have strengthened local participatory governance. Nationally funded programmes have begun to replicate the social mobilization methodologies introduced. Alternative income-earning opportunities for isolated islands in the areas of agriculture (important for reducing unbalanced diet and malnutrition among children), pearl culture and hydroponics, have led to the introduction of relevant and necessary technologies. Improved social infrastructure, in areas such as electricity, safe drinking water and construction of classrooms, has effectively mobilized local financial and human resources.

Governance

15. At the national level, the project for managing and monitoring development contributed to both institution-building and the upgrading of planning and monitoring skills in the Ministry of Planning and National Development, even though the envisaged computerized systems have not been fully developed.

Environment

16. This theme was supported by a capacity-enhancement project in environmental management and is complemented by enabling activities in climate change and biodiversity under the Global Environment Facility (GEF) and through human-resource development in meteorology. Important policy outputs included a review of environmental administration, a framework and handbook for environmental impact assessments (EIAs), and production of the second national environmental action plan.

National execution

17. Given the small numbers of academically trained staff in the Government, national execution has not always worked optimally. While high-quality experts do work in Government, they are simply too few in number. National execution has fostered national ownership of UNDP-supported initiatives, but as a result of sheer lack of staff time to focus on the issues, the need for expertise from abroad has not been perceived in several instances.

Resource mobilization and aid coordination

18. UNDP has actively supported round-table meetings, most recently at the RTM in Geneva in May 1999 when extensive support was provided for the preparation high-standard background documentation. An important achievement of the RTM was the commitment of participants to continue to offer concessionary lending and grant assistance to Maldives despite its impending graduation from LDC status. The partnership with UNDP in articulating special economic and environmental vulnerabilities has been crucial. Complementing scarce core resources by almost half their value, UNDP has been successful in generating government cost-sharing for projects involving technical assistance from United Nations specialized organizations. While these projects are at times in areas not at the core of SHD, UNDP has an obligation to serve as facilitator for other United Nations organizations in Maldives. The funds generated through the support provided have been important in maintaining the viability of the office.

Support to United Nations system

19. Collaboration has increased among United Nations organizations. Some common services have been set up and additional services are proposed. The Government supports the advocacy role of UNDP. Awareness-raising activities have been carried out as envisioned in the annual resident-coordinator work plan, cooperating with government efforts in the areas of gender, nutrition and HIV/AIDS. A concerted effort has been made to have fully harmonized programmes by 2003. Support to non-resident United Nations organizations is a major task for UNDP, where the Resident Representative spends 25 per cent of his time on non-resident United Nations organization matters.

B. Lessons learned

Linkage of UNDP activities

20. The application of participatory social mobilization techniques, essential for all thematic areas, can also play an important role in the management and conservation of sea and land-based resources. To maximize impact, programmes should focus on areas where there is complementarity between upstream and downstream activities and where successes have already been demonstrated.

Sustainable livelihoods

21. Efforts to promote income generation and micro- and small-size enterprises should be consolidated under a single programme and need to benefit from more technical cooperation in the field of small-business development. Support to the introduction of important new technologies with the potential of establishing agro- or marine-based enterprises should continue. Social mobilization and community-development efforts, which link directly and effectively to important elements of the decentralization and environment themes, should continue to be used.

Governance

22. Closer cooperation between the decentralization support project and the various community-based projects in sustainable livelihoods may need to be given further attention as project implementation progresses. This will ensure that the necessary strengthening of governance at the local level goes hand-in-hand with critical community-development initiatives in the areas concerned.

Environment

23. Environmental issues should be more fully integrated into national and sectoral planning and effective enforcement mechanisms must be established. Despite the requirement for EIAs to be carried out prior to the approval of major investment projects, a stronger technical capability is needed to assess impacts of economic development and human settlements on the unique ecosystems forming the foundation of the success of Maldives. Future UNDP activities should accommodate the support needs of community-based resource management.

National execution

24. A framework should be developed for national-execution implementation, including a cost-effective management system to overcome issues related to capacity-development and funding for technical expertise. Funding of national project managers from programme resources and the use of United Nations organizations to implement parts of nationally executed projects may also be considered.

Resource mobilization

25. Given the essential nature of resource mobilization to the programme, it is recommended that the role of UNDP vis-à-vis potential bilateral donors be discussed with the Government and a *modus operandi* be developed.

Support to the United Nations system

26. The Resident Coordinator should continue to expand collaboration among United Nations organizations and increase the common-services arrangement in the United Nations House. Advocacy in the areas of gender and HIV/AIDS should be intensified, including mainstreaming them into the community-based work of UNDP.

III. Objectives, programme areas and expected results

27. In pursuit of the overarching objective of growth with equity and minimizing disparities between urban Male and the outer islands/atolls, the primary focus of UNDP assistance during the next CCF period is to assist in developing policies and programmes that promote effective local governance and decentralized management of development. As recommended, efforts to promote income generation and small- and micro-enterprises are consolidated under a single programme.

A. Governance

28. The Government is committed to assisting atoll administrations and island populations to take increasing responsibility for their own development. UNDP interventions will enhance government efforts to strengthen local governance capacity in order to support community-based initiatives. Capacity-building

will also be directed at the Ministry of Atolls Administration in order to steer policy directives in support of effective local governance.

Areas of the programme and expected results

29. The aim of support to decentralization at the national level is to:

(a) Reach a consensus on decentralization strategies within the Government, including discussions with all key stakeholders at the national and local level and final approval by the Government;

(b) Establish an institutional framework that defines decentralized allocation of functional and decision-making responsibilities, with suitable mechanisms in place which will enable select Atoll Development Monitoring Offices to fulfil their roles in the management and support of priority community-development initiatives;

(c) Institute alternative approaches to capacity-building in atoll and island offices, given the limited number of qualified staff available, and set up alternative systems/mechanisms to address staffing constraints in the outer islands;

(d) Establish a regulatory framework for atoll development funds, as part of a process to improve community access to credit in the outer atolls/islands;

(e) Provide policy support for demonstrations of technological innovations, such as hydroponics farming (UNDP-sponsored), pearl culture (Japan-sponsored), practical arrangements made for replication to outer islands/atolls and for marketing outlets, in order to raise rural incomes;

(f) Strengthen management capacity, with training at the national level, to ensure that mechanisms for conservation of marine biodiversity are effectively monitored and mainstreamed into sectoral planning in tourism, fisheries and community development.

30. The aim of support to decentralization at the atoll/island level is to:

(a) Establish development monitoring offices in at least six atolls, each managed by at least one trained staff;

(b) Ensure that key staff of select development monitoring offices and atoll offices are able to conduct local participatory planning approaches and to build a sense of responsibility among the community for their own development in harmony with the marine and terrestrial environment;

(c) Promote community management of atoll/island development matters, especially decision-making/implementation of community infrastructure, protection of coral reefs, coastal erosion, solid-waste disposal, home gardening and income-generation activities, using mechanisms such as participatory rural appraisals and social mobilization;

(d) Increase the adoption of proven technological innovations in atolls/islands, such as hydroponics-farming activities and pearl culture; mobilize community groups and women's groups to respond to the demands for vegetables and fruits from tourist resorts; and reduce the vulnerabilities of malnutrition through increased consumption by the community of vegetables and fruits;

(e) Make community-based micro-credit facilities, for example, atoll development funds, accessible to select atolls/islands.

B. Environmental governance

31. In the area of environmental governance, additional expected results include:

(a) Ensuring that Maldives is able to prepare reports required globally under the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biodiversity. Enhanced capacity to gather and utilize climate data, guided by the World Meteorological Organization, will harness the implementation of the country's adaptation strategy to climate change, now under finalization with GEF support;

(b) Regular conducting of environmental impact assessments (EIAs);

(c) Mainstreaming environmental issues into development programmes;

(d) Further GEF contributions of $2.5 million will be leveraged by UNDP support to protect biodiversity on coral reefs. Coordination with the ongoing Australian assistance to the marine-protected areas system will be ensured;

(e) Experimenting with the latest technologies in alternative-energy generation, water desalination and waste disposal in pilot projects.

C. Capacity strengthening in essential public services

32. The legal framework and automated data processing system of the Custom's Department must be updated and civil aviation safety must be enhanced.

33. UNDP will continue to support economic and technical cooperation among developing countries, so that Maldivians can take advantage of training opportunities offered by other countries. The utilization of information technology in specific government departments will have multiplier effects to help overcome many development constraints. Specifically, increased information-sharing in aid coordination enhances the capacity of the Department of External Resources to mobilize resources and monitor aid flows, and will thereby strengthen cooperation with the Government and make UNDP assistance more catalytic. UNDP will also facilitate non-traditional donors to channel their resources through cost-sharing. Using this modality, the Government of Italy will support a newly created drug-rehabilitation centre to provide skills training to young drug offenders, and, focusing on the prevention side, lay the foundation for a two-way learning process in dealing with youth employment and drugs issues.

D. Support to gender equity and HIV/AIDS prevention

34. UNDP will allocate 5 per cent of its core resources to joint programmes in gender mainstreaming and HIV/AIDS awareness enhancement. UNDP will continue to monitor the equitable gender distribution of benefits and responsibilities in the initiatives it supports. Although women have constituted the major beneficiaries in development initiatives supported by UNDP during the first CCF, a broader-based national framework for action will be in place by the end of the second CCF.

35. While Maldivian women enjoy a certain level of emancipation, opportunities available to the majority of young women in rural islands are limited. Recent development of national policy emphasizes gender mainstreaming, while serious capacity gaps to promote this concept are recognized. As mainstreaming can be accomplished only if the gender factor is considered across the board, UNDP will work with the Government to ensure that all components of the new programmes are gender balanced.

36. The present CCF will need to be in line with the population objectives of the Government, which are not clear at this moment. Women's education, social marketing of contraceptives, and the involvement of men would be factors to consider.

37. In the context of globalization, more frequent travel abroad statistically increases the probabilities of exposure to the HIV/AIDS epidemic. While the present rate of HIV prevalence is very low, an upsurge in HIV/AIDS cases would be compounded by local factors, such as in-country mobility and the present stigma attached to the disease. As observed in other small nations, the longer-term impact of a significant increase of HIV/AIDS on economically critical segments of the population would annihilate the ability of Maldives to proceed with its development agenda. United Nations organizations are supporting the national HIV/AIDS strategy through the introduction of social-marketing techniques to all organizations nation-wide participating in awareness-raising efforts and preparation of a situational analysis to review the national response to HIV/AIDS. These initiatives will also provide a cue for further UNDP involvement in the joint Government/United Nations work programme.

IV. Management arrangements

A. Results-based management: evaluation and monitoring

38. Annual reviews of the CCF will be carried out by the Government and UNDP to monitor implementation and to ensure that the CCF is responsive to national priorities and remains relevant to development needs. Along with the strategic results framework (SRF) for 1999-2003, such reviews provide the basis for annual and multi-year results-oriented programme planning consistent with the multi-year funding framework strategy approved by the Executive Board. The SRF will support the selection of more specific performance indicators to be used in annual reviews, which will incorporate the assessments of at least two principal

stakeholder groups. Tripartite review meetings will provide the framework for consensus-building, emphasizing results-oriented decisions, and will examine the audits of nationally executed projects to improve their management. A component of information, education and communication (IEC) will be introduced in programme design to ensure that the associated beneficiaries and stakeholders are adequately informed of planned activities, enabling them to participate optimally. Where these mechanisms may not allow for full reporting on results achieved, evaluation will be undertaken and charged to the respective project budgets, whose costs will be minimized by drawing on UNDP evaluation and resource-support facilities (e.g. EvalNet and subregional resource facilities) and on national expertise. Mandatory project and programme evaluation will be carried out and 1 per cent of the target for resource assignment from the core (TRAC) resources will be provided for a mid-term country review, which will be conducted to ensure that the programme remains relevant to development needs and that the modalities used are appropriate.

39. Considering the availability of a rich policy framework and relevant baseline data, as well as the capacity and other constraints of data collection, results benchmarking and monitoring in UNDP-supported activities will depend mainly on existing national structures and databases. The Ministry of Planning and National Development will be the UNDP-designated agent for monitoring and reporting on outputs through the consolidation of information by specialized governmental and non-governmental agents providing technical implementation services.

B. Execution modalities

40. The core programme will emphasize substantive accountability under the national execution (NEX) modality with two designated agents, the Ministry of Planning and National Development and the Ministry of Atolls Administration. To overcome capacity issues and geographic-isolation constraints, an umbrella support programme will provide technical, financial and administrative-management services to the core programme. Compliance with national execution financial reporting will be ensured by a small number of specially trained staff. Roles of government and non-government agencies — such as service providers, beneficiaries and coordinators — will be determined at the programme design stage.

41. The umbrella support modality will facilitate the provision of critically needed technical assistance to specific needs in well-identified locations within a larger geographical area and the optimizing of the time/cost-to-results ratio of international expertise. Utilization of this modality will prevent losses in efficiency and sustainability inherent in small project-based systems. This will be achieved by circumventing the constraints to fielding long-term assignments that are needed to foster changes at the community level and to overcome the transportation and language barriers which have plagued many past knowledge-transfer initiatives. Funds provided by inter-country programmes supporting social mobilization, the preparation of national human development reports and governance will continue to be accessed as appropriate.

42. Executing arrangements will ensure that existing national expertise is shared with beneficiaries who critically lack access to new knowledge because of language difficulties. They will also ensure that state-of-the-art international expertise is made available to participating government decision makers by consultants, including via electronic means. Given the limited numbers of government managers and the constraints of their regular assignments, several solutions will be considered. These include: (a) the appointment of national programme coordinators for long-term assignments to the atolls; (b) improved government planning of short-term interventions of national specialists in the atolls; and (c) exploring the possibility of assigning to atolls students who are to join the civil service as part of their agreement for education abroad, under UNDP or United Nations Volunteers (UNV) sponsorship. The costs for inter-island transportation and long-term training abroad will be shared with the Government. In this context, the availability of UNDP support for cost facility resources will be an important factor for the success of the CCF.

C. Resource mobilization

43. Following its assistance to the Government in preparing the May 1999 RTM, UNDP will continue to play a catalytic role by exploring alternative strategies in support of the efforts of the Government. Through the Department of External Resources, the Ministry of Foreign Affairs will be kept informed of bilateral

contacts with donors. UNDP funds will be used as seed capital to facilitate the implementation of programmes that have the potential to attract the support of donors and the United Nations system. To date, efforts have resulted in accessing various funds, such as GEF and bilateral trust funds from Australia, Italy and Japan, to support programme implementation. UNDP will facilitate non-traditional donors to channel resources through the management-oversight and quick-disbursement facilities provided by the cost-sharing system of UNDP. The proposed country assistance strategy of the World Bank, as well as over US$ 15 million in parallel financing by the Asian Development Bank and the Kuwaiti Fund, support the national priority of atoll development in the regional growth centres. Ongoing and new projects already formulated for GEF support amount to US$ 4 million, for which UNDP support to coordinated implementation and co-financing is an integral part of the CCF.

Annex

Resource mobilization target table for Maldives (2000-2002)

Source	*Amount (In thousands of United States dollars)*	*Comments*
UNDP regular resources		
Estimated carry-over into 2000	1 032	Includes AOS.
TRAC 1.1.1	533	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	213	
Subtotal	**1 778**[a]	
UNDP other resources		
Government cost-sharing	650	
Sustainable development funds	4 000	GEF
Third party cost-sharing	433	
Funds, trust funds and other		
Subtotal	**5 083**	
Grand total	**6 861**[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: AOS = administrative and operational services; GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource from the core.